

**BILL #** SB 1406

**SPONSOR:** Waring

**PREPARED BY:** Bob Hull

**TITLE:** vehicle insurance proof; vehicle registration

**STATUS:** As Introduced

## FISCAL ANALYSIS

### Description

The bill would require a person to provide proof of financial responsibility when applying for initial vehicle registration for non-motor vehicle dealer transfers and for all renewal registrations. The bill would also require proof of financial responsibility before reinstating a driver license, registration and license plates after court suspension of these items for a third violation within 3 years for not producing evidence of financial responsibility.

### Estimated Impact

The bill would have an unknown cost for the Arizona Department of Transportation's (ADOT) Motor Vehicle Division (MVD), due to MVD field offices having to handle more registration renewal customers and manually handle their proofs of financial responsibility. ADOT also estimates an unknown cost for implementation and programming.

### Analysis

Currently, no proof of financial responsibility is required to register a vehicle unless there has been a lapse in insurance coverage. Insurers electronically notify ADOT of new insurance coverage, cancellations or non-renewals within 7 days. ADOT then suspends the registration if a vehicle does not have current insurance.

Under the bill, a person would have to provide proof of financial responsibility each time they renew their vehicle registration. There were 3.4 million registration renewals in FY 2008, including 1.6 million by ServiceArizona, 700,000 in MVD field offices, 700,000 for renew-by-mail and 400,000 by third parties.

The bill would likely cause an unknown cost and workload increase in MVD field offices, since the current 1.6 million ServiceArizona registration renewals would need to either visit an MVD field office, or use renew-by-mail or a third party. The increase in MVD field office workload might be somewhat mitigated if insurers could provide to customers and, if ServiceArizona could be modified to accommodate, an electronic proof of financial responsibility. Also, MVD's cost and workload would likely increase due to counter clerks manually handling proofs of financial responsibility as opposed to the current centralized electronic insurer reporting system.

### Local Government Impact

None